



To: School Committee

From: Billie Jo Turner, Assistant Superintendent of Finance & Operations

RE: Response to Motion: Committee Joining the Existing Law Suit

Date: April 5, 2019

This is in response to the motion made by Connie Martin at the 7/25/18 meeting: "***Requesting that the Administration prepare a recommendation regarding the Lowell School Committee joining the existing law suit regarding the appropriate foundation formula funding with the existing litigants from Worcester and Brockton.***"

After studying the foundation budget for Lowell Public Schools (Attachment 1) and comparing it to the actual spending reported to DESE through the End of Year Financial Report, **it was evident that we should join the lawsuit.** The Foundation Budget shown on Attachment 1 depicts how the state determines the amount we are required to spend. Our October 1st student enrollment plus increments determine the 'per pupil' allocation that is factored in this calculation. The major problem we face is the other factor in the funding formula – **the inadequate 'assumed cost'** for each function. The Total column shows the amount the state assumes/allows/estimates for each function such as administration, instruction, benefits, etc. If reviewed alone, these amounts seem substantial and sufficient.

The alarm begins once this '**state determined allowance**' is **compared to the actuals** that Lowell Public Schools had to pay. The verified data provided on the EOY report (by LPS and the City) was summarized by DESE (on Attachment 2) to report our compliance with the Net School Spending requirement. The red text was inserted to show the school and city contributions that make up our total spending. The sum reflected in the Total Actuals column (actual amount spent) is compared to the highlighted column which is the state allowance amounts taken from Attachment 1. **Attachment 3 is a visual depiction of the variances between the state allowances and actuals.** As reflected, our maintenance, instruction and administration functions are all significantly lower than the state allowed/estimated costs. These variances are not based on School Committee or school administration decisions to spend less. **Rather, reductions in these key areas are the only way to offset having state mandates that are not adequately funded. Required overspending for charter schools, out of district tuition and transportation without sufficient funding forces the teacher cuts, increased class sizes, deferred maintenance and elimination of important programs (that were not mandated) simply to balance the budget.**

All in all, unless studied closely, the funding formula and increases offered to Chapter 70 seem generous and progressive. In reality, we are not funded sufficiently to comply with their mandates AND educate the 16,025 students in our public and charter schools. **Insufficient charter reimbursements, special education funding, transportation allowance and inadequate consideration for poverty related factors all drastically impact our ability to function as a district.** This issue has a crippling effect that can no longer be ignored. Even with the increase we hoped for this year, we will still not be able to reinstate necessary positions within the district since basic raises and ever growing mandated costs will deplete this –even if the City agreed to give us the entire amount.

Massachusetts Department of Elementary and Secondary Education

Office of School Finance

FY18 Chapter 70 Foundation Budget

160 Lowell

OCT. 1ST
Data
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Massachusetts Department of
ELEMENTARY & SECONDARY
EDUCATION

Base Foundation Components

Incremental Costs Above The Base

Foundation Enrollment	(1) Pre-School	(2) Half-Day	(3) Full-Day	(4) Elementary	Base Foundation Components			(7) ELL PK	(8) ELL K Half	(9) ELL KF-12	(10) Vocational	(11) Special Ed In District	(12) Special Ed Out of Dist	(13) Economically Disadvantaged	TOTAL*
					(5) Jr High/ Middle	(6) High School	(119)								
498	1	952	4,849	2,686	3,076	119	0	4,021	131	590	156	9,255	16,025		
91,547	184	350,374	1,784,626	988,555	1,132,091	21,901	0	1,479,889	48,213	1,498,689	396,263	0	7,792,432		
165,520	332	632,813	3,223,227	1,785,438	2,044,679	39,552	0	2,672,839	87,078	0	0	0	10,651,479		
1,524	2,901,667	14,779,413	7,204,389	12,132,944	273,126	0	18,457,717	878,421	4,945,292	0	0	30,278,103	92,611,542		
758,947	391	744,216	3,790,657	1,511,493	1,441,044	37,192	0	2,513,447	61,371	4,617,352	6,054	0	14,917,866		
194,648	60	114,311	584,886	351,221	389,975	9,716	0	656,468	27,459	238,561	0	666,360	3,069,533		
30,014	221	419,975	2,139,136	1,184,929	2,171,195	26,249	0	1,773,864	161,814	208,223	0	0	8,195,454		
109,849	111	211,144	1,075,460	792,988	1,138,366	17,564	0	1,187,120	48,480	0	0	0	4,526,551		
55,218	44	84,004	641,765	580,659	1,533,386	7,874	0	532,179	65,304	0	0	0	3,467,178		
21,962	423	805,754	4,104,097	2,464,647	2,756,717	68,179	0	4,607,302	218,128	1,674,107	0	0	4,676,274		
210,754	432	822,960	4,191,944	2,295,683	2,448,259	61,886	0	4,124,735	161,337	1,940,470	0	3,073,586	19,336,548		
215,255	0	0	0	0	0	0	0	0	0	0	3,762,311	0	3,762,311		
12 Total	1,853,815	3,723	7,087,720	36,315,211	19,160,003	27,166,656	563,240	0	38,005,561	1,757,605	15,122,693	4,164,629	38,694,322	189,897,177	
13 Wage Adjustment Factor														11,850	
14 Economically Disadvantaged Decile	100.0%														

* Total foundation enrollment does not include columns 11 through 13, because those columns represent increments above the base. The pupils are already counted in columns 1 to 10.

Total foundation enrollment assigns pupils in pre-kindergarten and half-time kindergarten an enrollment count of .5.

Special education in-district headcount is an assumed percentage, representing 3.75 percent of K to 12 non-vocational enrollment and 4.75 percent of vocational enrollment.

Special education out-of-district headcount is also an assumed percentage, representing 1 percent of non-vocational K-12 enrollment.

Economically disadvantaged headcounts are the number of pupils in columns 1 through 10 who are directly certified as eligible for the Supplemental Nutrition Assistance Program (SNAP); the Transitional Assistance for Families with Dependent Children (TAFDC); the Department of Children and Families' (DCF) foster care program; and MassHealth (Medicaid).

Each component of the foundation budget represents the enrollment on line 1 multiplied by the appropriate state-wide foundation allotment.

The wage adjustment factor is applied to underlying rates in all functions except instructional equipment, benefits and special education tuition.

The foundation budget shown on this page may differ from the final number used in the formula, due to rounding error.

Attachment 1

Massachusetts Department of Elementary and Secondary Education

Office of School Finance

Chapter 70 Net School Spending Compliance, FY18

Lowell

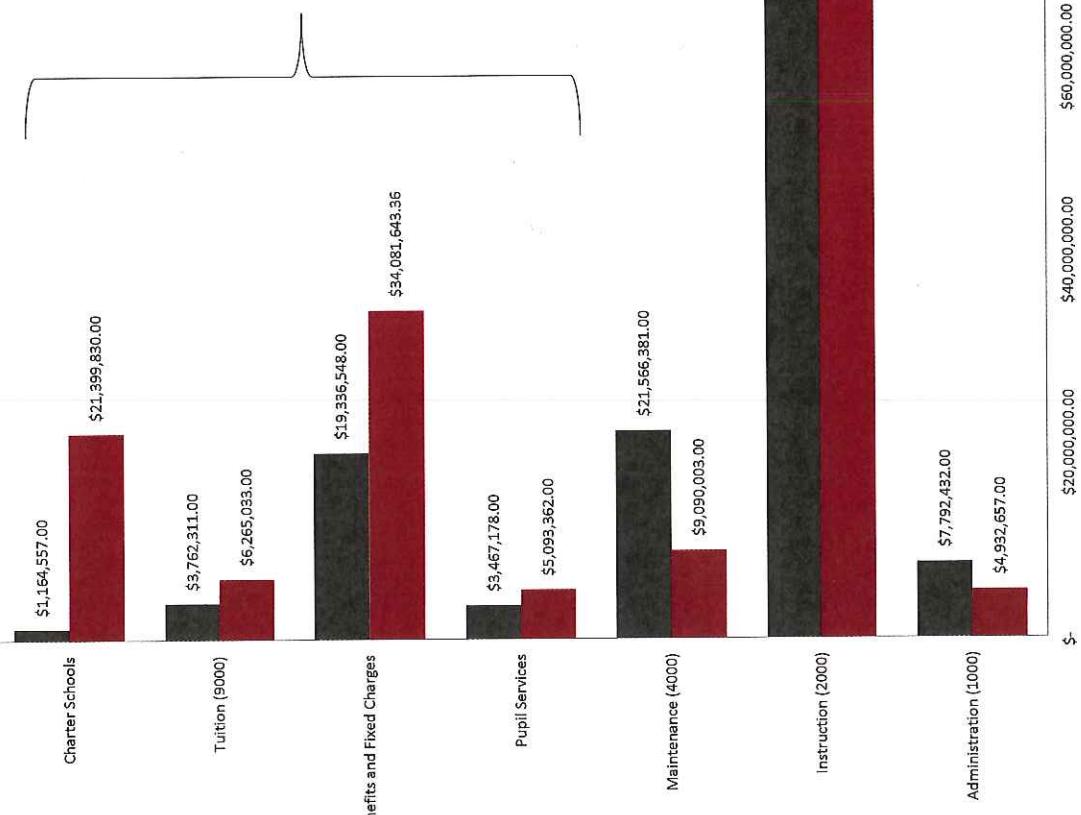
February 2019

	School Committee	City/Town	Total	Actuals-SC	Actuals-City	Total Actuals	Per State Foundation Budget	Difference
1 Administration (1000)	3,498,966	1,433,693 *	4,932,659	\$ 3,498,964.00	\$ 1,433,693.00	\$ 4,932,657.00	\$ 7,792,432.00	\$ 2,859,775 Underspent
2 Instruction (2000)	117,314,450	0 *	117,314,450	\$ 117,314,449.88		\$ 117,314,449.88	\$ 133,972,325.00	\$ 16,557,875 Underspent
3 Attendance-Health (3100, 3200)	601,424	1,511,478 *	2,112,902	\$ 601,424.00	\$ 1,511,478.00			
4 Food Services (3400)	0	0	0					
5 Athletics/Student Activities/Security (3500, 3500)	1,908,403	1,072,058	2,980,461	\$ 1,908,402.00	\$ 1,072,058.00	\$ 5,093,362.00	\$ 3,467,178.00	\$ -1,626,194 Overspent
6 Maintenance (4000)	4,642,231	4,447,772 *	9,080,004	\$ 4,642,231.00	\$ 4,447,772.00	\$ 9,090,003.00	\$ 21,566,381.00	\$ 12,476,378 Underspent
7 Employer Retirement Contributions (5100)	1,112,707	6,573,692	7,686,399	\$ 1,112,707.00	\$ 6,573,692.00	\$ 7,686,399.00		
8 Insurance (5200)	16,047,806	2,589,384	18,637,190	\$ 16,047,806.00	\$ 2,589,384.00	\$ 18,637,190.00		
9 Retired Employee Insurance (5250)	0	7,210,478	7,210,478	\$ 7,210,478.00		\$ 7,210,478.00		
10 Rentals (5300)	547,576	0 *	547,576	\$ 547,576.36		\$ 547,576.36		
11 Short Term Interest (5400)	0	0	0					
12 Tuition (9000)	6,265,033	21,422,747	6,255,033	\$ 6,265,033.00	\$ 21,399,830.00	\$ 6,285,033.00	\$ 3,762,311.00	\$ -2,502,722 Overspent
Tuition to Charter Schools and School Choice - NOT LPS								
School Choice								
13 Total School Spending (Lines 1 through 12)	151,938,596	46,263,303	198,199,899	\$ 151,938,593.24	\$ 46,238,385.00	\$ 198,176,978.24		
14 FY18 School Revenues								
14a) FY18 School Revenues *	0	0	0					
14b) FY18 Charter Reimbursement	0	1,164,557	1,164,557					
14c) Subtotal, School Revenues (14a + 14b)	0	1,164,557	1,164,557					
15 FY18 Net School Spending (13 - 14)	151,938,596	45,096,746	197,035,343					
16 FY18 Chapter 70 Required Net School Spending								
17 Carryover from FY17			0					
18 Total FY18 Net School Spending Requirement (16 + 17)			189,897,177					
19 Shortfall in Net School Spending (18 - 15)			0					
20 Carryover/Penalty Calculation, Percent Unexpended (19 / 16)			0.0%					
21 FY18 Carry-Over into FY19 (Line 19 or 5% of line 16)			0					
22 Penalty (19 - 21)			0					

* Budgeted amounts as reported on FY17 End of Year Pupil and Financial Report, Schedule 19

Attachment 2

Underfunded Foundation Budget



■ State ■ Actuals

The FY18 Chapter 70 Foundation Budget (attached) determined Lowell Public School's budget (required spending minimum) based on October 1st student counts. The first ten columns give a set amount for each base foundation component. Columns 11-13 give additional increments above the base. Thus, the columns show the "funding" determination. The rows correlate to the state's expectation of what we should spend.

Per the graphed data, the state expectations (black) for spending on charter schools, special education tuition and benefits are significantly lower than the uncontrollable actuals. As an urban district that only spends the required minimum, having actuals exceed reimbursement/funding allowances demands that we cut costs in other areas. The charter reimbursement formula has not been adjusted as expected. Special education tuition and other special education mandates require us to spend more than we get in funding. Since we must comply with special education mandates but don't have the funding, we are forced to cut regular education costs resulting in large class sizes, deferred maintenance on buildings and technology. The in-district special ed allowance is based on a 3.75% of total enrollment assumed enrollment when our actuals include over 900 students serviced. Pupil Services shown is a net between underfunded transportation and the pupil services that are cut or not adequately supplied. Again, to supply the mandated homeless and special education transportation without adequate funding support forces us to cut other important services for students to afford the state mandated costs.

This is a simple depiction of why we need to join the lawsuit if the Promise Act is not substantial and quick. If we have to wait years, we will be forced to continue cutting regular ed teachers and our class sizes will grow even larger than the 31 student classes.